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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, DECEMBER 4, 2000

APPLICATION OF

OLD MILL POWER COMPANY

CASE NO. PUE000574

For licenses to conduct
business in the electric and
natural gas retail access
pilot programs and to act
as an aggregator

ORDER

On October 20, 2000, Old Mill Power Company ("Old Mill Power" or "Applicant"), filed an application for licenses to conduct business as an electric and natural gas competitive service provider ("CSP") and aggregator in the electric and natural gas retail access pilot programs, as provided by the Interim Rules Governing Electric and Natural Gas Retail Access Pilot Programs, 20 VAC 5-311-10 et seq. ("Interim Rules"). The Applicant intends to serve residential, commercial, and industrial customers participating in the natural gas retail access pilot programs of Washington Gas Light Company ("WGL"), Columbia Gas of Virginia, Inc. ("CGV"), and in the electric retail access pilot programs of Virginia Electric and Power Company ("Virginia Power"), Appalachian Power Company d/b/a American Electric Power ("AEP-VA"), and Rappahannock Electric Cooperative ("REC").

On October 30, 2000, the Commission issued its Order for Notice and Comment, establishing the case, requiring that notice of the application be published, providing for the receipt of comments from the public, and requiring the Commission's Staff to analyze the reasonableness of Old Mill Power's application and present its findings in a Staff Report to be filed on or before November 22, 2000.

In response to a request filed by the Applicant, the Commission entered an Order on November 15, 2000, granting Old Mill Power an extension of two days to publish notice of its application.

The Applicant filed proof of publication of its notice on November 17, 2000. No comments from the public on Old Mill Power's application were received.

The Staff filed its Report on November 22, 2000, concerning Old Mill Power's fitness to provide competitive electric and natural gas service as well as aggregation services. In its Report, the Staff summarized Old Mill Power's proposal and evaluated its financial condition and technical fitness. Although the Applicant provided audited financial statements, it had experienced net losses for the previous two years. The Staff noted that Old Mill Power proposes to provide either an irrevocable letter of credit or a performance bond in the amount of \$13,000, as additional evidence of its financial

responsibility as a competitive service provider and aggregator participating in the enumerated retail access pilot programs. The Staff recommended that this security be accepted by the Commission as proof of financial fitness. As such, the Staff concluded that Old Mill Power satisfies the financial and technical fitness requirements for licensure upon receipt of such additional evidence. The Staff recommended that a license be granted to Old Mill Power for the provision of competitive electric service to residential, commercial and industrial customers in the Virginia Power, AEP-VA, and REC pilot programs; for the provision of competitive natural gas service to residential, commercial and industrial customers in the WGL and CGV pilot programs; and for the provision of aggregation services, after it files the proposed irrevocable letter of credit or performance bond in the amount of \$13,000 with the Commission, made payable to the Commonwealth.

Old Mill Power did not file a response to the Staff Report. It is our understanding that the Staff and Old Mill Power have discussed an appropriate form of financial security. However, at this time, the letter of credit has not yet been filed with this Commission.

NOW UPON CONSIDERATION of the application, the Staff Report, and the applicable law, we note that Section 56-235.8 F 1 states that, "[a] gas supplier license shall be issued to any

qualified applicant within forty-five days of the date of filing such application, authorizing in whole or in part the service covered by the application, unless the Commission determines otherwise for good cause shown." Based upon this forty-five day time limit, we must issue the gas license in this case by December 4, 2000, provided we find Old Mill Power to be qualified. As noted earlier, in its Report our Staff found Old Mill Power to be technically and financially qualified if and when the Applicant files additional financial security in the form of an irrevocable letter of credit or performance bond. Consequently, the Commission finds that, at this time, Old Mill Power is not a qualified applicant solely because of its financial status. Therefore, we will defer any further action in this matter until we have received an acceptable form of security from the Applicant.

Accordingly,

IT IS ORDERED THAT:

(1) Consideration of this matter shall be continued until the Applicant files an acceptable form of security to ensure its financial responsibility in providing the services for which an application has been filed.